

Message Text

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ACTION EUR-25

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0302

C O N F I D E N T I A L LONDON 04021

E. O. 11652: GDS

TAGS: MILI

SUBJECT: UNITED AIRCRAFT CORP. - WESTLAND MFG.
AGREEMENT

REF: (A) STATE 53368 (B) LONDON 3510

1. ON APRIL 2, EMBOFF DISCUSSED SUBJECT AGREEMENT WITH MR. HUGH BRADEN (ASSISTANT SECRETARY, DEFENSE SALES) MINISTRY OF DEFENSE. BRADEN IS ADVISOR TO MOD UNDER-SECRETARY ON DEFENSE SALES FROM SECURITY ASPECT AND ALSO MOD OFFICIAL APPROACHED BY OPPENHEIMER (WESTLAND LTD.) WHEN LATTER WISHED TO ACQUAINT HMG WITH GERMAN SUB- LICENSING PROBLEM ARISING OUT OF SUBJECT AGREEMENT.

2. BRADEN CONSIDERS USG POSITION IN THIS MATTER A WEAK ONE SINCE BASIC 1959 UNITED AIRCRAFT - WESTLAND AGREE-
MENT PRECEDES INTRODUCTION OF 1966 ITAR ON " THIRD COUNTRY SALES". BRADEN ALSO SAID IF SUB. LICENSE INVOLVED WESTLAND'S LICENSING A FIRM IN A NON- NATO COUNTRY THAN USG WOULD HAVE MORE JUSTIFICATION FOR REFUSING TO ACT ON DESIRED SUB- LICENSE. HOWEVER, SINCE DESIRED SUB- LICENSE IS INTENDED FOR A FIRM IN A NATO COUNTRY, THIS REMOVED MUCH OF THE PERSUASIVENESS OF THE USG'S RATIONALE.

3. BRADEN'S UNDERSTANDING WAS THAT DESIRED REPAIR AND OVERHAUL FACILITY IN GERMANY WOULD MOSTLY BE CONFINED
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TO NON- TECHNICAL PROBLEMS AND, AS SUCH INVOLVE NO TRANSFER OF TECHNOLOGY FROM THE 1959 BASIC UAC- WESTLAND AGREEMENT. HOWEVER, HE ADMITTED THAT THERE MIGHT BE TIMES WHEN WEST GERMAN FIRM WOULD REQUIRE TECHNICAL DATA FROM THE BASIC LICENSE TO UNDERTAKE MORE COMPLICATED REPAIRS. BRADEN INDICATED THAT WESTLAND INTENDED TO GO AHEAD WITH THE WEST GERMAN TRANSACTION ON THE GROUNDS THAT 1959 AGREEMENT IMPLICITLY GAVE IT THE AUTHORITY TO DO SO.

4. BRADEN'S VIEW, WHICH HE SAID WOULD PROBABLY REFLECT THAT OF THE MOD IF THIS MATTER WERE FORMALLY BROUGHT TO ITS ATTENTION, IS THAT USG IS MAKING A MISTAKE IN TRYING TO PRESSURE WESTLAND TO ACCEPT, EX POST FACTO, THE USG DEMAND THAT THE BASIC 1959 AGREEMENT BE MODIFIED TO CONFORM WITH THE 1966 ITAR. THE DESIRED AMENDMENT, BY CURTAILING WESTLAND'S SALES TO THE INDIAN SUB-CONTINENT AND AFRICA, WOULD ELIMINATE A MAJOR PORTION OF WESTLAND'S TRADITIONAL MARKETING AREA. BRADEN WENT ON TO SAY THAT IF HMG LICENSED A U. S. FIRM TO MANUFACTURE THE HARRIER AIRCRAFT HMG WOULD ASSUME THAT U. S. LICENSING CONTROLS ALONE WOULD GOVERN THE EXPORTS OF THESE AIRCRAFT. THEREFORE, HE THOUGHT THAT THE USG, IN A SIMILAR FASHION, SHOULD ACCEPT AS ADEQUATE HMG LICENSING CONTROLS OVER THE SALES OF WESTLAND'S SALES ESPECIALLY WHEN THE UK FIRM IS WITHIN ITS LEGAL RIGHTS UNDER THE 1959 AGREEMENT TO DO SO.

5. EMBASSY COMMENT: WE BELIEVE BRADEN ACCURATELY REFLECTS MOD VIEWPOINT WHICH, WE THINK, WOULD PREVAIL IF THE USG MADE A FORMAL APPROACH TO HMG ON THIS MATTER (ARA 4 STATE 40949). IT ALSO SEEMS APPARENT THAT WESTLAND IS DETERMINED TO GO AHEAD WITH GERMAN SUB-LICENSE, REGARDLESS OF WHAT DECISION USG MAY TAKE, ON BASIS THAT IT IS IN ACCORD WITH THE STILL- VALID 1959 AGREEMENT. IN CIRCUMSTANCES WE THINK IT BEST FOR USG NOT TO PURSUE THIS FURTHER WITH WESTLAND OR HMG AT THIS END AND SO RECOMMEND.
SOHM

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